

Continuation Coverage (COBRA)

It is important all covered individuals (employee, spouse and dependent children) read this notice carefully and understand its contents.

The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) allows you and/or your dependents to continue your current NCFlex Dental, Vision Care, Cancer and HCFSAs coverage

for a specific period of time when coverage is lost due to a qualifying event. You must pay the required cost of coverage. The following chart shows the coverage provisions **except the duration of coverage for the HCFSAs can only be continued to the end of the plan year.**

Qualifying Event	Qualified Beneficiaries Who May Continue Coverage*	Duration of Coverage	Monthly Cost**
Your employment ends for any reason other than gross misconduct	you, spouse, dependent children	up to 18 months	102%
You lose benefit eligibility due to reduction in hours	you, spouse, dependent children	up to 18 months	102%
During the first 60 days of COBRA coverage, you or your dependent becomes disabled under the Social Security Act	you, spouse, dependent children	up to 29 months months 1-18 months 19-29	102% 150%
You divorce or legally separate	ex-spouse and/or dependent children	up to 36 months from initial qualifying event	102%
Your dependent children lose eligibility	dependent children	up to 36 months from initial qualifying event	102%
You become covered by Medicare	spouse and/or dependent children	up to 36 months from initial qualifying event	102%
You die	spouse and/or dependent children	up to 36 months from initial qualifying event	102%

* *You, your spouse and your dependent children are only eligible to continue the coverage that you, your spouse and/or dependent children have on the date of the qualifying life event.*

** *The cost to continue cancer coverage is 100% of the monthly premium.*

Note: Under no circumstance may the total amount of continuation coverage exceed 36 months (or to the end of the plan year for the HCFSAs) from the initial qualifying life event date.

ELECTION PROCESS

Under COBRA, you or your covered dependents have the responsibility to inform your HBR or benefits department within 60 days of a divorce, a legal separation, a child losing dependent status under the plan or upon receiving a written Social Security determination letter stating that a qualified beneficiary was disabled at the time of your termination, reduction in hours or during the first 60 days of your COBRA coverage. If you do not notify your Benefits Representative or department within 60 days of these events and before the original 18-month COBRA period expires, then your rights to continuation coverage will end. Your Benefits Representative or department has the responsibility to notify the NCFlex carriers of the employee's death, termination of employment, reduction in hours or upon receiving notice of Medicare entitlement.

After receiving notice of a qualifying event, a COBRA notice and election form will be sent to you by the appropriate carrier. If you are interested in continuing your NCFlex coverage, you must return a completed election form (signed and dated) to the appropriate carrier (address listed on the COBRA notice) within 60 days from the later of the date coverage is lost or from the date of the COBRA notification. If you fail to meet this deadline, your COBRA rights will end.

PREMIUM PAYMENTS

There is an initial grace period of 45 days starting with the date you elect continuation coverage to pay any premiums, which are due from the date of the qualifying event to the current month. After the initial 45-day grace period, full premium payments are due on the first day of each month for that month's coverage and must be received no later than 30 days after that due date.

The COBRA payment address and instructions will be included in the COBRA materials you receive from the carrier.

COBRA ENDING DATE

COBRA coverage continues until the earliest of the following:

- your maximum amount of continuation coverage ends (see chart at the beginning of this section);
- the State of North Carolina no longer provides that coverage to any employee under the NCFlex Program;
- your premium for continuation coverage is not paid in full by the due dates listed;
- the qualified beneficiary becomes covered (after the date he/she elects COBRA coverage) under another similar group health plan, which does not contain any exclusion or limitation with respect to any pre-existing condition he/she may have; or
- the qualified beneficiary extends coverage for up to 29 months due to disability, and there has been a final determination that the individual is no longer disabled.

If you or your covered dependents have any questions about your COBRA rights or have changed addresses or marital status, please contact the appropriate carrier (carriers' addresses and telephone numbers are listed on the back of this guide).

FEDERAL REQUIREMENTS

NCFlex and its carriers administer the Dental, Vision Care, Cancer benefits and HCFA in accordance with the HIPAA Privacy requirements. A HIPAA Privacy Notice is provided to participants by the carriers of each plan and is also available on the www.ncflex.org website.